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February 5, 1979

Foreign Agriculture

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE



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Thai workers carrying
sugarcane from the field.

Barring a convergence of abnormal events similar to those that snarled U.S. shipping last winter, forthcoming U.S. grain exports should make it to market more quickly and easily than they did in early 1978.

At that time, the nation was in the throes of the worst transportation crisis in recent history—brought on by a series of natural and manmade obstructions and complicated by unusually strong foreign demand for U.S. grains and oilseeds.

After peaking in March-April 1978, the crisis eased, despite bumper U.S. 1978 grain and oilseed crops. Conditions continued to improve throughout the summer, but by October, some key indicators of trouble ahead—including railcar shortages—had again turned upward.

The question now is whether this upturn is merely an aberration or the beginning of another shipping crunch.

Conditions to watch in the weeks ahead include:

- Foreign demand for U.S. feedgrains and oilseed products and changes in market prices for these products;

- Demand for transportation from other sectors of the economy, such as the fertilizer and coal industries, which have been claiming increased shares of the covered hopper cars once used almost exclusively by grain and oilseed shippers; and

- Unexpected disruptions such as strikes and weather-induced slowdowns.

The statistical evidence shows the railroads once again bearing the brunt of

Some Grain Transport Conditions Look Good—Despite Bad Weather

By Donald E. Johnson

In the wake of severe winter storms in the Midwest—plus ice jams on the Mississippi River—questions again have arisen about U.S. ability to move grain and oilseeds quickly into export. So far, however, the odds are against a repeat of the crisis situation that developed at this time last year.

transportation difficulties. But even railcar shortages are well below their record levels of early spring, while increased purchases of new covered hopper cars and

upgraded sorting yards have boosted rail capacities.

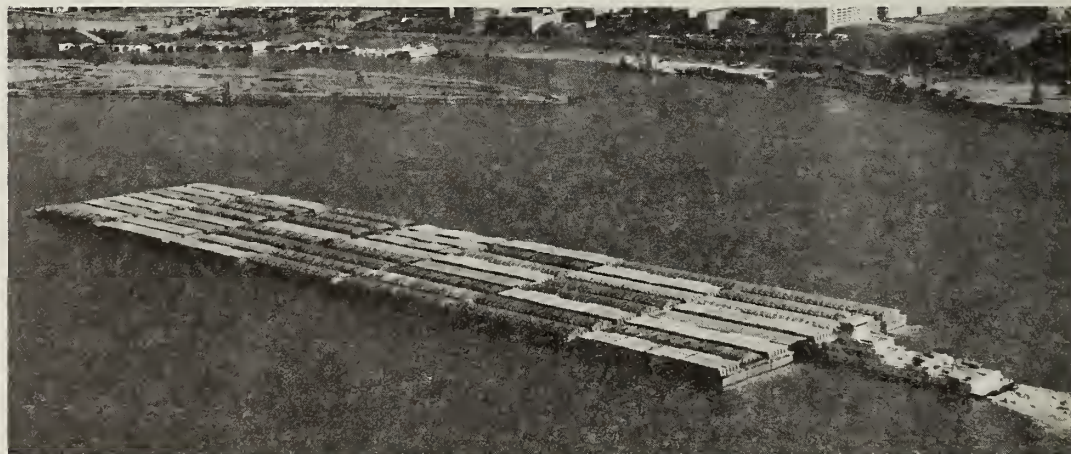
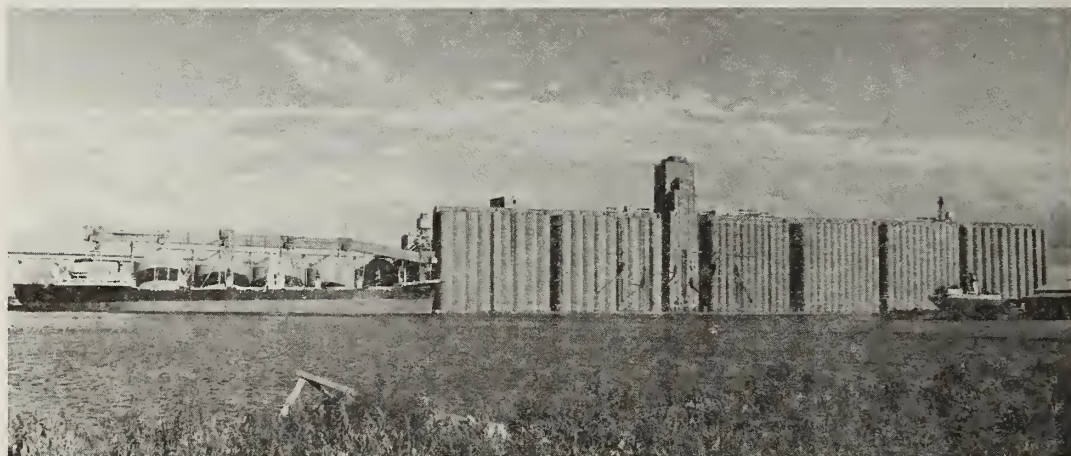
Conditions otherwise look reasonably promising thanks to changes in traffic

patterns, improving grain-handling and storage capacities, and the numerous emergency measures taken during the past year. For instance:

- The Pacific Northwest and the Great Lakes last year handled record grain exports, taking some of the burden off the busy Gulf ports. Change has been enhanced by competitive rates for 75-car unit trains from Iowa, Nebraska, and Kansas points to Pacific ports. And Great Lakes grain exports through the 1978 shipping season were over 500 million bushels—nearly double 1977 exports. (Duluth-Superior alone handled 85 percent more grain and grain byproduct exports in 1978 than in 1977.)

- Barge unloadings have increased, both at Gulf and Pacific-Northwest points.

- Vessels waiting to load



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at Gulf ports are down by more than 50 percent from the 113 recorded on March 8, 1978.

• In the beginning of 1979, the barge transportation system was again experiencing ice-jam problems similar to those that occurred in 1978. This year, however, most exporters using barges had moved their January and February export commitments ahead of time so that the turnaround time of Gulf export vessels has been held down.

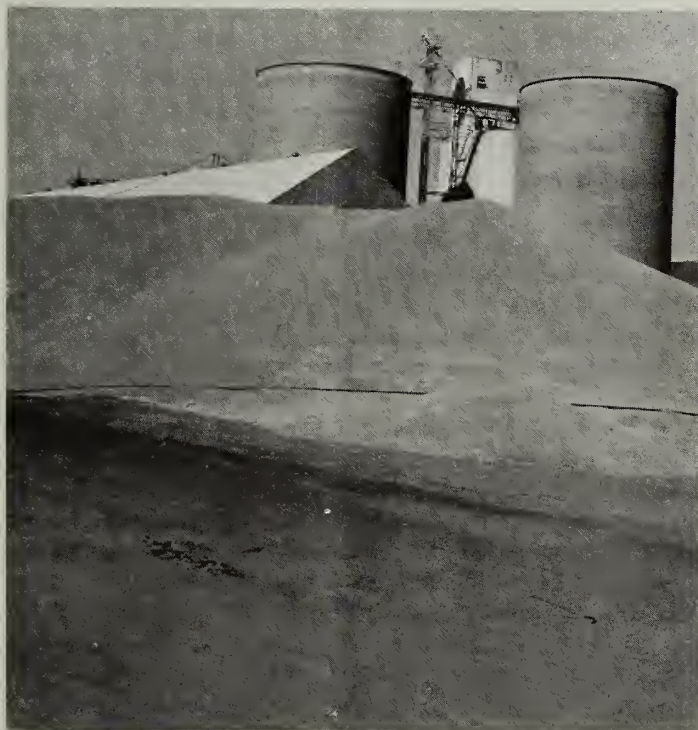
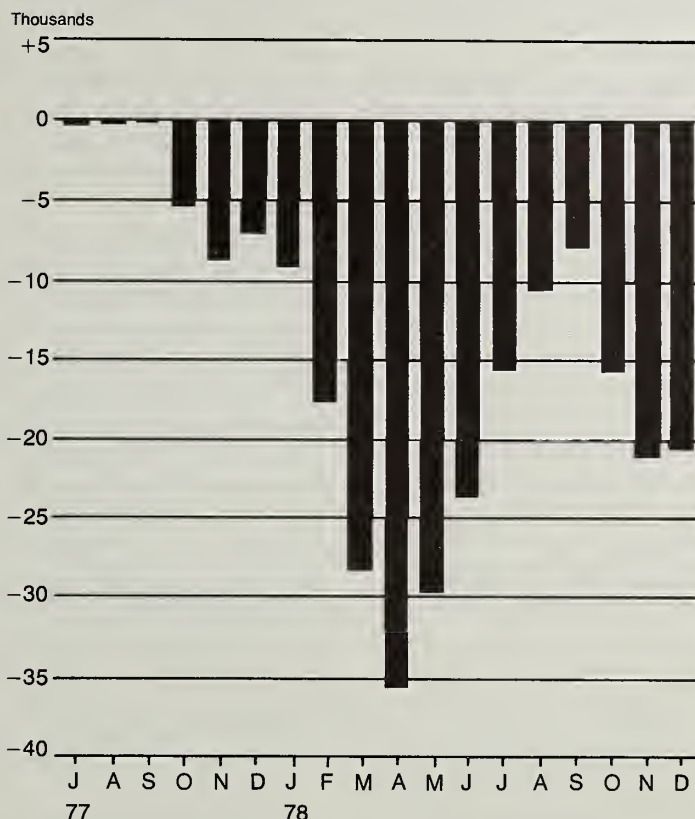
• More elevator capacity (20 million bu per month) will be gained with rebuilding of the export houses destroyed by explosions last year in New Orleans and Galveston. Additions elsewhere—including a new elevator at Savannah, Georgia, and an expanded fleet of floating elevators in the Gulf—likewise are enlarging capacity.

Finally, it is highly unlikely that all the special conditions experienced last year will be repeated. These included a sharp increase in demand following an abnormally slow first half in 1977/78; severe winter weather, which kept shipping below normal until spring; and accelerated export buying in the latter half of the year.

Despite those problems, the United States enjoyed recordbreaking grain exports in 1977/78. Last spring, with all U.S. ports operating at full capacity, more than 100 million bushels were loaded for export in one week alone. Over 415 billion bushels were loaded in May and 1.2 billion bushels in April-June.

All told, this country shipped 108.7 million metric tons of grain and soybeans abroad last year—15 million more than in 1976/

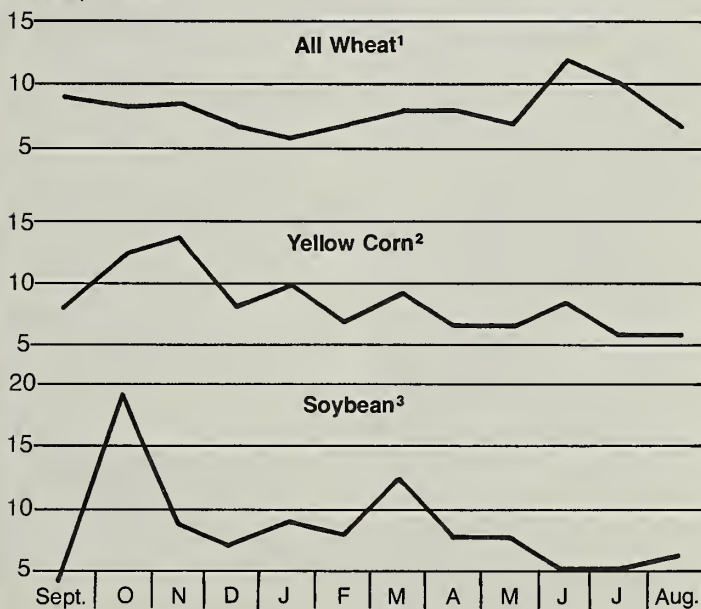
Average Daily U.S. Shortages of Covered Hopper Cars by Month, 1977-78.



Top left, page 2: Largest U.S. inland export elevator, located in Superior, Wis.
Bottom left: Upriver barge tow passes Memphis, Tenn.
Above: Grain piled high at Port Kelly, Walla Walla, Wash.

U.S. Farm Marketings by Five Largest Producing States, 1976/77

Percent of total volume, 1976/77



¹Kans., No. Dak., Okla., Minn., Mont.

²Ill., Iowa, Ind., Nebr., Minn.

³Ill., Iowa, Mo., Ind., Minn.

Source: Crop Production Report 1/11/79, Crop Reporting Board, ESCS.

77 and 10 million above the previous high of 98.3 million in 1975/76.

Railroads—still the main means of transporting grain despite recent gains in barging and trucking—recently have been working at near capacity and will probably continue to do so throughout much of 1979.

According to data from the Association of American Railroads (AAR), U.S. railroads unloaded 583,682 cars of grain at the ports in fiscal 1978—8.2 percent more than in fiscal 1977 and the most since fiscal 1974. Moreover, they moved a greater volume of grain between May 20 and late September 1978 than they did during the same period of 1973—the previous record year for U.S. grain exports.

Railcar loadings in the May-September 1978 period were off 15 percent from those in 1973, but only because of the predominance of the covered hopper cars, which have nearly twice as much capacity as the 40-foot narrow-door boxcars that once dominated rail traffic. In October 1978, 239,725 hopper cars were handling nearly 90 percent of the grain shipped by rail, compared with only 186,219 covered hopper cars in service during 1973.

Meanwhile, demand for covered hopper cars, a key factor in last year's crisis, continues high. The onset of winter and a shift toward greater use of coal as fuel have increased hauling of coal. Added to this is greater demand for fertilizer, minerals, and bulk chemicals, which also are carried in covered hopper cars. (Covered hopper cars allocated to grain handling in 1977 were 30.6 percent of the total fleet, the balance being allocated to other bulk commodities.)

However, grain-type cov-

ered hoppers—the whoppers—are steadily being added, with their numbers increased by 8,295 cars between January 1 and September 1, 1978. Another encouraging statistic is the increased private ownership of covered hoppers, up to 77,557 from 1977's level of 71,746.

Additionally, actions by the AAR, the Interstate Commerce Commission (ICC), and the U.S. Department of Agriculture (USDA) have led to better use of existing railcars.

The AAR, for instance, receives reports of port elevators with backlogs of loaded cars and channels emergency rail service to other areas, while also applying embargoes at ports when backlogs become serious.

The ICC has increased

the number of grain cars available to small shippers by reducing the minimum tonnage required on multi-car trains. It also has ordered railroads to dispatch all loaded freight cars into service within 60 hours of arrival in a railyard.

USDA continues to operate a "hot line" whereby shippers can contact the Government about specific problems or serious shortage situations.

To give greater attention to transportation generally, Agriculture Secretary Bob Bergland recently consolidated several functions of different USDA agencies into the Office of Transportation.

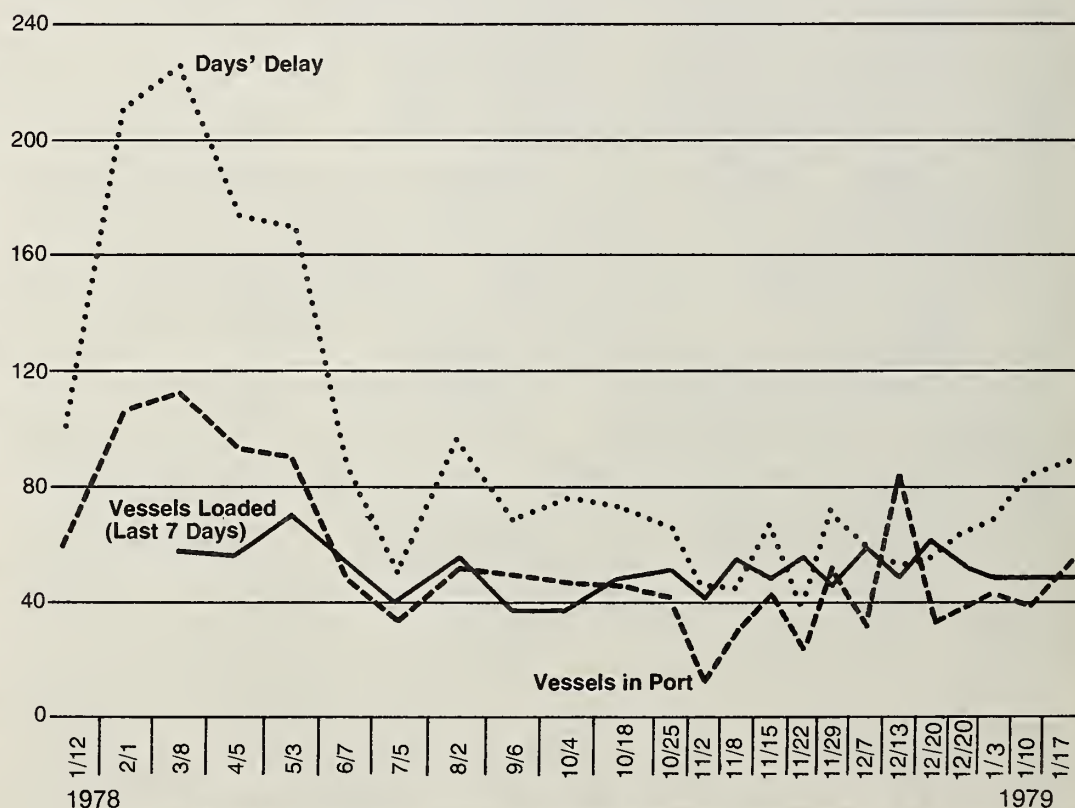
And a Rural Transportation Advisory Task Force—established under authority of Public Law 95-580—will study and report on meth-

ods to enhance transportation of agricultural products. The group also will explore ways to determine continuing transportation needs and identify future impediments such as railcar shortages and rail-line abandonments. Another goal is to recommend a national agricultural transportation policy.

The U.S. railroad system generally has suffered from increased intermodal competition and a shift of traffic to other modes. This has left railroads with less funds to maintain good trackage, which in turn has cut their operating efficiency. For instance, on some branch lines to country elevators, speeds of only 10-25 miles per hour—due to poor track conditions—lead to further de-

Continued on page 12

Weekly Total Ocean Vessel Loadings, and Days' Delay in Port at U.S. Gulf and Mississippi River Ports, 1978 through January 17, 1979.



German Use of Soybean Meal Hits Record While EC Debates Use of Nongrain Feeds

While Germany and other European Community members continue their debate over expanding use of non-grains in livestock feeds, West German consumption of soybean meal—used to make up for the protein deficiency of nongrains—is increasing as a result of this trend.

During the 1977/78 marketing year (October-September), German consumption of soybean meal, including large quantities crushed from imported U.S. soybeans, rose one-fourth over the previous year's to a record 3.64 million metric tons. A further moderate gain to around 3.75 million tons is seen for 1978/79. This forecast is based on moderate growth in livestock production, some increase in grain use, and no substantial change in consumption of competing oilseed cakes and meals or the nongrain feeds.

German imports of soybeans in 1978/79 also are forecast at 3.75 million tons, against 3.6 million estimated for 1977/78, and 3.26 million in 1976/77. About 80 percent of this total is expected to come from the United States.

During 1977/78, low prices for soybean meal led farmers and mixed feed manufacturers to increase percentages of such meal in swine and poultry rations. Especially large percentage gains were recorded in rations mixed on the farm. Increasingly, EC feed manufacturers have turned to soybean meal in conjunction with nongrain

feed, such as manioc, as substitutes for more expensive domestic feedgrains.

Regarding other major feeds with high protein content, substantial increases have occurred in the use of corn byproducts in cattle and swine feed and of non-fat dry milk (NFDM) in swine feed.

Following record 1978 grain crops in Germany and other EC countries—and continued overproduction of NFDM—German leaders have begun taking a hard look at these trends in livestock feeding. Politicians and farm leaders blame the stagnation of EC feedgrain use—and the large EC milk surpluses—on the higher imports of soybeans, corn byproducts, and tapioca.

Feed manufacturers, oil millers, and others who gain from such imports, in turn, are rejecting that position. They argue that the "dilemma" has been caused by too high support prices.

In an early November speech before the 60th anniversary convention of the German mixed feed industry, German Agricultural Minister Josef Ertl applied moral suasion on the industry to put more grain into commercial feeds. Because livestock production is not rising as fast as it once was, replacement of grain in mixed feed by imported substitutes is a problem that must be taken very seriously, said Ertl. He referred to a 24 percent expansion during the previous 3 years in German imports of soybean meal; 60 percent for corn gluten feed; and 71 percent for tapioca.

Ertl did not, however, indicate that any restrictive actions would be taken by the Government.

Ulrich Wagner, chairman of the German feed industry, blamed the EC farm problems on the protective nature of the Common Agricultural Policy, which has fostered rapid growth in grain output at higher cost. Technology breakthroughs resulting in higher grain yields per hectare have contributed to that expansion, which culminated this year in record EC grain crops.

Wagner went on to say that livestock producers, who do not benefit as much from the CAP as do grain producers, have a stake in being able to obtain cheap feedstuffs.

A similar position has been taken by the German oil millers association, which contends that the Community's NFDM surplus is the result of excessive production fostered by unlimited market guarantees.

—Based on a dispatch from Christopher Goldthwait, Assistant U.S. Agricultural Attaché, Bonn. □

Hong Kong Cotton Spinners' Fortunes Pick Up

A robust upswing in yarn prices, coupled with sharpened demand for textiles, has combined to brighten the prospects for the Hong Kong cotton spinning industry, despite higher prices for raw cotton.

The spinning industry, depressed since denim slipped as a market favorite, now reports full order books through April 1979. Yarn prices have gone up over the last 10 months by 20 to 30 percent, depending on grade. This has permitted mills, which previously had taken losses or had very thin profit margins, to bounce back into the black.

Many Hong Kong mills bought cotton during the late summer of 1978, when cotton prices were low. Cotton arrivals were very light in October and November but are expected to be heavy from December 1978 through March 1979. Approximately 440,000 running bales of U.S. cotton had been purchased as of early December.

Mills are delaying further buying decisions for several reasons, including uncertainty about the quality of U.S. new-crop cotton, the possibility of a recession affecting 1979 cotton prices, and a possible rise in the value of the Hong

Kong dollar during the first quarter of 1979.

The cotton spinning industry is currently running near capacity, consuming 80,000-88,000 bales per month and 1978/79 consumption is currently estimated at 850,000 bales.

With production running at the present level, many mills will have to make arrangements in early 1979 to cover their commitments beyond April.

Garment factories are experiencing an early rush of large orders for autumn and winter 1979. Some factories are now reportedly fully booked to September or October. □

Rate of Rise in U.S. Food Prices Slows

The rate of increase in U.S. food prices slowed somewhat in the latter part of 1978, according to the U.S. Bureau of Labor Statistics.

During the 3-month period September-November, food prices in the United States rose 1.1 percent.

The U.S. food price index (FPI) for November—at 188.5 (1970=100)—reflects a total rise in prices of 9.3 percent since January 1978.

However, there was a marked decline in the rate of this increase, with the index averaging a 0.76 monthly gain during June-November, compared with a 2.03 average increase during January-June.

Of the 16 countries surveyed by U.S. Agricultural

Attachés, the Netherlands (with an FPI of 162.0) and Japan (216.0) reported declines in FPI's from October to November. Belgium (173.7) reported no change.

The Netherlands and Belgium were the only countries in the survey that had percentage decreases in FPI's in 1978.

The United States continues to have one of the lowest FPI's, after West Germany (143.1), the Netherlands, and Belgium.

U.S. Agricultural Attachés report FPI's as well as prevailing prices for selected food items in the capitals of the countries to which they are assigned.

Meat. Red meat continued its upward trend in two-thirds of the capitals shopped by the Attachés on January 3. Some of this increase was attributed to seasonal holiday demand.

The price of sirloin in-

creased 14 percent in Ottawa, while in Pretoria, meat prices were up over 12 percent, reflecting fewer slaughterhouse working days as well as unusually heavy holiday demand.

Although boneless sirloin and bacon prices in Washington dipped slightly—possibly because of super-market specials and competitive pricing among rival food chains—the general trend has been one of monthly price increases.

Pork prices tended to fluctuate among the capitals. In Ottawa, where the price of pork chops has fallen 10 percent since November, lower prices for most pork items reflected increased hog slaughter that resulted in lower market prices for hogs.

A continued downtrend in hog prices in Belgium reduced fresh and processed pork prices in Brussels to their lowest point since May 1977.

Broiler prices, in general, remained strong, with no indication of the traditional holiday decline in price or demand, except in Tokyo and Stockholm.

The Attaché in London

reported a significant rise in the price of large (5 lb) broilers, perhaps reflecting substitutions made by holiday shoppers at a time of high red meat prices.

Reversing a downtrend, egg prices were up in all capitals in the survey except Copenhagen, where abundant domestic sup-

Time Spent by

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops
Bonn	2:08	1:17	0:55
Brasília	3:46	3:17	4:28
Brussels	1:47	:56	:48
Buenos Aires ..	1:02	:35	1:28
Canberra	1:24	:46	:59
Copenhagen ..	1:46	:46	:56
London	3:20	1:39	1:27
Mexico City ..	3:55	3:47	3:48
Ottawa	1:02	:37	:46
Paris	2:43	1:32	1:55
Pretoria	(2)	(2)	(2)
Rome	2:32	2:13	1:16
Stockholm	2:06	1:17	1:01
The Hague ...	2:01	1:10	1:05
Tokyo	6:11	4:14	2:18
Washington ..	:51	:33	:44

¹ Mid-1978 national average for production workers

By Jane K. Phillips, economist; Dairy, Livestock, and Poultry Division, FAS.

Food Price Index Changes in Selected Countries ¹

Country	Latest month	Index 1970=100	Percent change from		
			Prev. month	Three months	One year
Argentina	Nov.	67,887.6	+10.0	+30.3	+158.4
Australia	Nov.	225.7	+ .6	+ 3.4	+ 9.8
Belgium	Nov.	173.7	.0	- .2	- .5
Brazil	Nov.	947.7	+ 2.8	+ 8.4	+ 30.7
Canada	Nov.	217.2	+ .3	- .9	+ 14.0
Denmark	Nov.	230.1	+ .6	+ 3.6	+ 8.0
France	Nov.	221.0	+ .4	+ 2.0	+ 8.12
Germany	Nov.	143.1	+ .1	- 1.4	+ .1
Italy	Nov.	283.0	+ .7	+ 2.7	+ 12.0
Japan	Nov.	216.0	- 3.6	- 1.6	+ .7
Mexico	Nov.	326.8	+ .8	+ 1.7	+ 15.6
Netherlands	Nov.	162.0	- .3	- .6	- 2.0
South Africa	Nov.	244.2	+ .4	+ 3.3	+ 14.6
Sweden	Nov.	213.4	+ .3	+ 1.0	+ 5.6
United Kingdom ...	Nov.	207.9	+ 1.1	+ .8	+ 7.8
United States	Nov.	188.5	+ .5	+ 1.1	+ 10.8

¹ Based on official price indexes.

Data Qualifications. Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attachés on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries. □

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops
Bonn	14.00	8.90	6.21
Brasília	2.86	2.50	2.61
Brussels	12.59	6.64	5.21
Buenos Aires ..	2.59	1.24	2.41
Canberra	6.52	2.81	4.41
Copenhagen ..	19.13	7.40	8.91
London	9.74	4.38	4.51
Mexico City ..	3.65	3.57	3.41
Ottawa	5.62	3.36	4.21
Paris	8.97	5.03	6.31
Pretoria	4.84	3.83	3.81
Rome	9.68	9.08	4.81
Stockholm	13.95	8.69	6.81
The Hague ..	12.00	7.02	5.51
Tokyo	41.20	23.71	9.91
Washington ..	6.37	4.01	5.11
Median	8.97	4.38	4.81

¹ 1 kilogram=2.2046 pounds; 1 liter=1.0567 quarts

plies pushed prices down. In Brussels, where November egg prices were at their lowest level since July 1975, the price of a dozen eggs jumped 17 percent. Egg prices in The Hague improved considerably from the record lows recorded in November as higher export subsidies resulted in

high-volume sales contracts to the Middle East and a firming of prices. **Dairy.** In over two-thirds of the capitals shopped on January 3, milk prices remained relatively stable. A notable exception was Tokyo, where milk prices fell 8 percent since the November survey.

The Attaché in Copenhagen reported an increase in milk prices as the price freeze that was to be in effect through February 28 was lifted. Milk prices in Washington continued to climb in price, gaining 3 cents per quart since the November survey and a rise of 20 per-

cent since January 1978. U.S. milk prices currently are at a premium. Some factors contributing to this situation include bad weather, high production costs, and inflation. Also, in the wake of high U.S. beef prices, consumers may be turning to cheese as a protein source,

Hours To Earn Retail Value of Food Products in Selected World Capitals, Mid-1978¹

[Hours and minutes required to purchase 1 kilogram, except where other unit of measure is indicated]

Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese: Cheddar, Edam, or Gouda	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, yellow	Potatoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
(2)	1:26	0:20	0:13	0:41	0:22	0:52	0:05	:021	0:19	0:10	0:04	0:12	0:24	0:08	0:17	0:08
9:36	10:27	2:01	1:23	4:14	1:50	7:38	:30	1:48	:37	1:42	:55	2:20	:49	1:56	:55	:38
1:11	:45	:25	:11	:44	:38	:52	:05	:17	:20	:05	:03	:14	:19	:10	:10	:09
(2)	3:25	1:02	:34	2:20	1:58	3:02	:12	1:30	:20	:24	:11	:33	:53	:33	:41	:28
1:28	1:21	:32	:16	:31	:28	:50	:07	:26	:16	:08	:05	:11	:29	:13	:13	:07
:46	:50	:18	:13	:26	:13	:43	:04	:17	:22	:10	:06	:16	:20	:13	:11	:11
1:12	1:34	:35	:24	:46	:35	1:00	:08	:34	:32	:10	:07	:32	:38	:14	:20	:10
(2)	4:46	2:34	:40	4:29	2:04	9:38	:25	1:36	:58	:06	:26	2:15	:49	:47	:45	:23
:53	:35	:22	:08	:26	:25	:44	:07	:17	:17	:07	:05	:16	:20	:08	:13	:04
2:49	3:12	:57	:27	1:23	:31	1:20	:09	:29	:35	:15	:06	:26	:44	:40	:29	:12
(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
1:15	1:16	:47	:23	1:08	:28	1:10	:08	:16	:19	:10	:05	:19	:53	:13	:19	:13
1:14	1:00	:35	:17	:32	:23	:53	:04	:46	:31	:13	:08	:16	:20	:19	:14	:08
1:04	1:34	:24	:10	:45	:16	:57	:05	:16	:10	:05	:02	:07	:16	:07	:11	:08
2:50	1:35	:42	:13	1:79	:44	:52	:11	:29	:17	:07	:14	:38	2:54	:17	:17	:14
:67	:40	:14	:07	:34	:15	:53	:05	:23	:15	:05	:06	:17	:22	:11	:10	:07

¹in local currencies. ²Not available.

Survey of Retail Food Prices in Selected World Capitals, January 3, 1979

[U.S. dollars per kg¹ or units as indicated, converted at current exchange rates]

Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese: Cheddar, Edam, or Gouda	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, yellow	Potatoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
(2)	9.34	2.61	1.34	4.89	2.39	6.11	0.61	1.89	1.35	0.97	0.36	0.78	3.58	1.06	1.73	0.86
5.06	6.57	1.67	.71	2.30	1.35	4.23	.25	1.16	.46	.26	.46	1.77	.45	1.07	.51	.40
7.91	5.23	3.06	1.45	5.16	2.17	6.19	.62	2.13	2.41	.41	.21	.96	1.51	1.14	1.20	1.14
(2)	3.88	2.89	1.15	3.07	2.39	3.48	.24	1.99	.80	.40	.60	1.64	2.30	1.00	.86	.65
7.01	6.19	2.41	1.12	2.20	2.06	3.58	.47	2.26	1.24	.79	.50	1.61	1.38	1.00	.85	.45
7.81	7.18	2.85	1.93	4.14	2.07	6.52	.61	2.71	2.85	1.36	.43	1.16	3.32	1.69	1.75	1.74
3.67	5.63	1.88	1.37	3.04	1.77	3.53	.58	1.78	2.41	.54	.31	1.07	2.25	1.32	1.03	.60
(2)	3.61	2.24	.88	3.77	1.71	7.23	.29	1.10	.66	.37	.48	1.14	.34	.57	.58	.53
5.38	3.23	1.97	.82	2.63	2.37	4.12	.60	1.63	1.59	.33	.22	1.34	2.09	.85	1.13	.43
9.35	1.05	3.22	1.52	4.51	1.21	4.76	.52	1.23	1.78	.62	.40	.76	2.10	2.05	1.33	.71
4.54	3.69	1.50	1.73	1.74	1.77	2.34	.38	1.42	.71	.48	.31	.91	1.37	.32	.96	.43
5.81	5.18	3.01	1.26	4.57	1.82	4.45	.48	1.06	1.21	.48	.36	.79	1.65	.83	1.27	.81
8.36	7.21	3.81	1.71	3.45	2.63	5.50	.47	5.02	3.58	1.14	.56	1.78	2.32	2.14	1.56	.96
6.98	10.00	2.44	1.24	4.52	1.65	5.68	.52	1.30	1.47	.35	.20	.52	1.28	.69	1.15	.86
14.98	8.28	3.82	1.30	7.12	3.82	(2)	1.00	2.10	3.51	1.15	1.17	2.17	1.93	1.53	1.53	1.21
6.79	4.10	1.37	.98	3.99	1.68	5.22	.62	2.31	1.59	.57	.51	1.30	3.00	1.30	.97	.71
6.40	5.23	2.44	1.24	3.77	1.82	4.18	.52	1.78	1.59	.48	.43	1.16	1.93	1.07	1.13	.65

Available. Source: U.S. Agricultural Attachés.

Rate of Rise in U.S. Food Prices Slows

The rate of increase in U.S. food prices slowed somewhat in the latter part of 1978, according to the U.S. Bureau of Labor Statistics.

During the 3-month period September-November, food prices in the United States rose 1.1 percent.

The U.S. food price index (FPI) for November—at 188.5 (1970=100)—reflects a total rise in prices of 9.3 percent since January 1978.

However, there was a marked decline in the rate of this increase, with the index averaging a 0.76 monthly gain during June-November, compared with a 2.03 average increase during January-June.

Of the 16 countries surveyed by U.S. Agricultural

Attachés, the Netherlands (with an FPI of 162.0) and Japan (216.0) reported declines in FPI's from October to November. Belgium (173.7) reported no change.

The Netherlands and Belgium were the only countries in the survey that had percentage decreases in FPI's in 1978.

The United States continues to have one of the lowest FPI's, after West Germany (143.1), the Netherlands, and Belgium.

U.S. Agricultural Attachés report FPI's as well as prevailing prices for selected food items in the capitals of the countries to which they are assigned.

Meat. Red meat continued its upward trend in two-thirds of the capitals shopped by the Attachés on January 3. Some of this increase was attributed to seasonal holiday demand.

The price of sirloin in

increased 14 percent in Ottawa, while in Pretoria, meat prices were up over 12 percent, reflecting lower slaughterhouse working days as well as unusually heavy holiday demand.

Although boneless sirloin and bacon prices in Washington dipped slightly—possibly because of supermarket specials and competitive pricing among rival food chains—the general trend has been one of monthly price increases.

Pork prices tended to fluctuate among the capitals. In Ottawa, where the price of pork chops has fallen 10 percent since November, lower prices for most pork items reflected increased hog slaughter that resulted in lower market prices for hogs.

A continued downtrend in hog prices in Belgium reduced fresh and processed pork prices in Brussels to their lowest point since May 1977.

Broiler prices, in general, remained strong, with no indication of the traditional holiday decline in price or demand, except in Tokyo and Stockholm.

The Attaché in London

reported a significant rise in the price of large (5 lb) broilers, perhaps reflecting substitutions made by holiday shoppers at a time of high red meat prices.

Reversing a downtrend, egg prices were up in all capitals in the survey except Copenhagen, where abundant domestic sup-

plies pushed prices down. In Brussels, where November egg prices were at their lowest level since July 1975, the price of a dozen eggs jumped 17 percent.

Egg prices in The Hague improved considerably from the record lows recorded in November as higher export subsidies resulted in

high-volume sales contracts to the Middle East and a firming of prices.

Dairy. In over two-thirds of the capitals shopped on January 3, milk prices remained relatively stable.

A notable exception was Tokyo, where milk prices fell 8 percent since the November survey.

The Attaché in Copenhagen reported an increase in milk prices as the price freeze that was to be in effect through February 28 was lifted.

Milk prices in Washington continued to climb in price, gaining 3 cents per quart since the November survey and a rise of 20 per-

cent since January 1978. U.S. milk prices currently are at a premium. Some factors contributing to this situation include bad weather, high production costs, and inflation.

Also, in the wake of high U.S. beef prices, consumers may be turning to cheese as a protein source,

Time Spent by Workers To Earn Retail Value of Food Products in Selected World Capitals, Mid-1978¹

[Hours and minutes required to purchase 1 kilogram, except where other unit of measure is indicated]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops, boneless	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese, Cheddar, Edam, or Gouda	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, yellow	Potatoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
Bonn	2:08	1:17	0:55	1:49	(?)	1:26	0:20	0:13	0:41	0:22	0:52	0:05	0:21	0:19	0:10	0:04	0:12	0:24	0:08	0:17	0:08
Bresille	3:46	3:17	4:28	8:31	9:36	10:27	2:01	1:23	4:14	1:50	7:38	:30	1:48	:37	1:42	:55	2:20	:49	1:56	:55	:38
Brussels	1:47	:56	:46	:46	1:11	:45	:25	:11	:44	:38	:52	:05	:17	:20	:05	:03	:14	:19	:10	:10	:09
Buenos Aires	1:02	:35	1:28	(?)	(?)	3:25	1:02	:34	2:20	1:58	3:02	:12	1:30	:20	:24	:11	:33	:53	:33	:41	:28
Canberra	1:24	:46	:59	:58	1:28	1:21	:32	:16	:31	:28	:50	:07	:26	:16	:08	:05	:11	:29	:13	:13	:07
Copenhagen	1:46	:46	:56	:58	:46	:50	:18	:13	:26	:13	:43	:04	:17	:22	:10	:06	:16	:20	:13	:11	:11
London	3:20	1:39	1:27	1:14	1:12	1:34	:35	:24	:46	:35	1:00	:08	:34	:32	:10	:07	:32	:38	:14	:20	:10
Mexico City	3:55	3:47	3:46	5:08	(?)	4:46	2:34	:40	4:29	2:04	9:38	:25	1:36	:58	:06	:26	2:15	:49	:47	:45	:23
Ottawa	1:02	:37	:46	:36	:53	:35	:22	:08	:26	:25	:44	:07	:17	:07	:05	:16	:20	:08	:13	:04	
Paris	2:43	1:32	1:55	1:53	2:49	3:12	:57	:27	1:23	:31	1:20	:09	:29	:35	:15	:06	:26	:44	:40	:29	:12
Pretoria	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
Rome	2:32	2:13	1:16	1:16	1:15	1:16	:47	:23	1:08	:28	1:10	:08	:16	:19	:10	:05	:19	:53	:13	:19	:13
Stockholm	2:06	1:17	1:01	1:47	1:14	1:00	:35	:17	:32	:23	:53	:04	:46	:31	:13	:08	:16	:20	:19	:14	:08
The Hague	2:01	1:10	1:05	1:18	1:04	1:34	:24	:10	:45	:16	:57	:05	:16	:10	:05	:02	:07	:16	:07	:11	:08
Tokyo	6:11	4:14	2:16	2:19	2:50	1:35	:42	:13	1:79	:44	:52	:11	:29	:17	:07	:14	:38	2:54	:17	:17	:14
Washington	:51	:33	:44	:41	:67	:40	:14	:07	:34	:15	:53	:05	:23	:15	:05	:06	:17	:22	:11	:10	:07

¹Mid-1978 national average for production value calculated in local currencies. ²Not available.

AS Survey of Retail Food Prices in Selected World Capitals, January 3, 1979

[U.S. dollars per kg¹ or units as indicated, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops, boneless	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese, Cheddar, Edam, or Gouda	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, yellow	Potatoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
Bonn	14.00	8.90	6.21	13.03	(?)	9.34	2.61	1.34	4.89	2.39	6.11	0.61	1.89	1.35	0.97	0.36	0.78	3.58	1.06	1.73	0.86
Bresille	2.86	2.50	2.61	4.15	5.06	6.57	1.67	.71	2.30	1.35	4.23	.25	1.16	.46	.26	.46	1.77	.45	1.07	.51	.40
Brussels	12.59	6.64	5.21	5.47	7.91	5.23	3.06	1.45	5.16	2.17	6.19	.62	2.13	2.41	.41	.21	.96	1.51	1.14	1.20	1.14
Buenos Aires	2.59	1.24	2.41	(?)	(?)	3.88	2.89	1.15	3.07	2.39	3.48	.24	1.99	.80	.40	.60	1.64	2.30	1.00	.86	.65
Canberra	6.52	2.81	4.41	4.01	7.01	6.19	2.41	1.12	2.20	2.06	3.58	.47	2.26	1.24	.79	.50	1.61	1.38	1.00	.85	.45
Copenhagen	19.13	7.40	8.91	9.53	7.81	7.18	2.85	1.93	4.14	2.07	6.52	.61	2.71	2.85	1.36	.43	1.16	3.32	1.69	1.75	1.74
London	9.74	4.38	4.51	3.58	3.67	5.63	1.88	1.37	3.04	1.77	3.53	.58	1.78	2.41	.54	.31	1.07	2.25	1.32	1.03	.60
Mexico City	3.65	3.57	3.41	3.81	(?)	3.61	2.24	.88	3.77	1.71	7.23	.29	1.10	.66	.37	.48	1.14	.34	.57	.58	.53
Ottawa	5.62	3.36	4.21	4.47	5.38	3.23	1.97	.82	2.63	2.37	4.12	.60	1.63	1.59	.33	.22	1.34	2.09	.85	1.13	.43
Paris	8.97	5.03	6.31	6.60	9.35	1.05	3.22	1.52	4.51	1.21	4.76	.52	1.23	1.78	.62	.40	.76	2.10	2.05	1.33	.71
Pretoria	4.84	3.83	3.31	4.61	4.54	3.69	1.50	1.73	1.74	1.77	2.34	.38	1.42	.71	.48	.31	.91	1.37	.32	.96	.43
Rome	9.68	9.08	4.81	5.45	5.81	5.18	3.01	1.26	4.57	1.82	4.45	.48	1.06	1.21	.48	.36	.79	1.65	.83	1.27	.81
Stockholm	13.95	8.69	6.81	12.16	8.36	7.21	3.81	1.71	3.45	2.63	5.50	.47	5.02	3.58	1.14	.56	1.78	2.32	2.14	1.56	.96
The Hague	12.00	7.02	5.51	7.02	6.98	10.00	2.44	1.24	4.52	1.65	5.68	.52	1.30	1.47	.35	.20	.52	1.28	.69	1.15	.86
Tokyo	41.20	23.71	9.91	11.29	14.98	8.28	3.82	1.30	7.12	3.82	(?)	1.00	2.10	3.51	1.15	1.17	2.17	1.93	1.53	1.53	1.21
Washington	6.37	4.01	5.21	6.33	6.79	4.10	1.37	.98	3.99	1.68	5.22	.62	2.31	1.59	.57	.51	1.30	3.00	1.30	.97	.71
Median	8.97	4.38	4.81	5.45	6.40	5.23	2.44	1.24	3.77	1.82	4.18	.52	1.78	1.59	.48	.43	1.16	1.93	1.07	1.13	.65

¹ 1 kilogram = 2.2046 pounds; 1 liter = 1.0567 quart. ² Not available. Source: U.S. Agricultural Attachés.

Food Price Index Changes in Selected Countries¹

Country	Latest month	Index 1979=100	Percent change from		
			Prev. month	Three months	One year
Argentina	Nov	67,887.6	+19.0	+30.3	+158.4
Australia	Nov	225.7	+ .6	+ 3.4	+ 9.8
Belgium	Nov	173.7	.0	- .2	- .5
Brazil	Nov	947.7	+ 2.8	+ 8.4	+ 30.7
Canada	Nov	217.2	+ .3	- .9	+ 14.9
Denmark	Nov	230.1	+ .6	+ 3.6	+ 8.9
France	Nov	221.9	+ .4	+ 2.9	+ 8.12
Germany	Nov	143.1	+ .1	- 1.4	+ .1
Italy	Nov	283.9	+ .7	+ 2.7	+ 12.0
Japan	Nov	216.9	- 3.6	- 3.6	+ 7
Mexico	Nov	326.8	+ .8	+ 1.7	+ 15.6
Netherlands	Nov	162.9	- .3	- .6	- 2.0
South Africa	Nov	244.2	+ .4	+ 3.3	+ 14.6
Sweden	Nov	213.4	+ .3	+ 1.0	+ 5.6
United Kingdom	Nov	267.9	+ 1.1	+ .8	+ 7.8
United States	Nov	188.5	+ .5	+ 1.1	+ 19.0

¹ Based on official price indexes

thus increasing the demand for and price of milk for cheese production.

Produce. In most of the capitals surveyed, seasonal effects can be seen in the price of fruits and vegetables.

In Brussels, smaller supplies of hothouse tomatoes, coupled with holiday demand, resulted in a 59 percent price rise since November.

In The Hague, as in other European capitals, tomato prices are firming up because of a lack of overseas supplies.

Orange prices in Europe are declining sharply because of large supplies from the Mediterranean area, primarily Spain. The Attachés in Rome, The Hague, and Brussels reported price declines of 33, 25, and 21 percent, respectively.

In Washington, the price of a dozen Navel oranges rose to \$3 because of shortages caused by snow and freezing weather in the State of California.

In London, widespread snow and hard frost are affecting prices of all green and root vegetables.

Potato prices were trending upward in 14 of the 16 capitals surveyed. However, abundant supplies reduced prices in Copenhagen by 43 percent since the November shopping.

In Washington there was a significant drop in the retail price of potatoes because of bumper crops in Idaho and Washington States.

Sugar. Refined sugar is once again on the grocery shelves in Mexico City after a 3-month absence, but its price is 100 percent higher than in September 1978.

The shortage was the result of a prolonged strike by sugar processing plant workers; the dispute has now been settled. □

U.S.-USSR Plan Agricultural Agreement Exchanges for 1979

By Mary Ponomarenko

Agricultural cooperation between the United States and the Soviet Union during 1979 will include the visits of 11 Soviet teams to the United States and 9 U.S. teams to the USSR, as well as expanded interlibrary exchanges, joint research, and joint publications.

The 1979 activities were agreed to at the U.S.-USSR Joint Committee Meetings held November 27-December 1 in Washington, D.C. The U.S. delegation was headed by Dale E. Hathaway, Assistant Secretary for International Affairs and Commodity Programs; Deputy Agriculture Minister Boris Runov led the Soviet side. Both sides meet annually to review the ongoing exchange program (officially known as the "U.S.-USSR Agreement on Cooperation in the Field of Agriculture." This agreement was extended in 1977 for a second 5-year period.)

Under the Government-to-Government exchange program—administered by USDA and the USSR Ministry of Agriculture—each side is divided into two working groups—econom-

ic, and research and technology.

The Economic Working Group consists of four project areas: Information exchange, agribusiness, forecasting, and interlibrary exchange.

The Research and Technology Working Group is divided into plant science, soil science, mechanization, and animal-veterinary science project area.

The primary objectives of the agreement are to increase the amount of economic and scientific information available to both sides, expand contacts with institutions and specialists, provide an atmosphere in which U.S.-USSR agricultural trade can improve, and isolate issues and research problems of mutual interest to promote joint and/or parallel work.

The Economic Group agreed to continue exchanges of fact-finding teams, statistical data, and publications, and to conduct joint seminars and symposia. A symposium, "The Latest Technology for Agribusiness Complexes," to be held in the USSR this year, is of primary interest in the market development area. Also, a follow-up to the 1977 Harvard Agribusiness Seminar will be held in the Soviet Union in 1980.

In the crop forecasting area, the United States made a major effort to initi-

ate a joint research project on short-term forecasting, but with little success.

At the same time, the Soviets expressed continued interest in medium- and long-term crop forecasting and projections. Both sides agreed to exchange program proposals and published materials on forecasting and economic planning. During 1979, one specialist from each country may be exchanged to study the application of methods and technology in this area.

Both sides expressed satisfaction with the exchange of scheduled economic information during 1978. One new item—monthly data on output of major livestock products on State and collective farms, received on a monthly basis—was added during the year to the list of scheduled information supplied by the USSR.

The United States reiterated its previous requests for certain categories of information such as monthly data on quantities and area of grain harvested. The Soviets repeated past requests for certain information, such as U.S. capital investment and farm mechanization data.

The United States again raised the question of obtaining Soviet forward estimates on production and trade in basic agricultural commodities. The Soviets replied that they need—and have—only their binding annual and 5-year goals.

Although the exchange of economic data appears to have stabilized at the existing level, the interlibrary exchange has been expanded. USDA's National Agricultural Library is prepared to send the VASKhNIL Library publications of U.S. agricultural, experimental, and forestry stations that previously were not included on automated mailing lists.

The author is an international affairs specialist in the FAS Centrally Planned Economies Division, International Trade Policy.

In addition to expanding interlibrary loan activities, both sides expressed interest in the exchange of computer tapes of bibliographic data.

The Research and Technology Group agreed to continue team exchanges and symposia, but place greater emphasis on joint research and joint publications in the future.

The successful exchange of germplasm (seed) will be expanded by the decision to expedite the exchange of sunflowerseed and cottonseed. Joint work will begin in testing characteristics of cotton varieties and their resistance to verticillium wilt.

The United States agreed to accept a Soviet sunflower exploration team during 1979, and the Soviets agreed to receive a U.S. cereal or forage crop exploration team in 1980.

Both sides agreed to present the results of the 1977 U.S. and Soviet plant collection teams in a joint paper at the meetings of the American Society of Agronomy in 1979.

In the animal science and veterinary field, work on endocrinology and physiology of reproduction of animals is scheduled.

Work on the development of a mathematical model on prediction of wind erosion is continuing, with the results to be presented in joint publications during 1979. This step may, in turn, be followed by a special U.S.-USSR symposium in 1980. Both parties have agreed to participate in such a symposium on the movement and retention of water, salts, and heat in soils.

Other new initiatives include an exchange on arid pasturelands, apomixes research, and a joint effort on crop growth and yield modeling. □

U.S.-USSR Team Exchanges, 1979

Month	USSR to United States	United States to USSR
March	<u>Research & Technology:</u> Soviet participation in Second International Symposium on Plant Breeding and International Conference on Soybeans	
April	<u>Economic:</u> Planning and organization of a vegetable production firm	<u>Economic:</u> Mixed feed production and use
April-May		<u>Research & Technology:</u> Arid pasturelands
May	<u>Research & Technology:</u> Anaerobic microorganisms and active strains of vaccine	
June	<u>Economic:</u> Computerized systems of management and information	<u>Economic:</u> Winter grain production
July		<u>Economic:</u> Spring wheat production
July-August	<u>Research & Technology:</u> Arid pasturelands	<u>Research & Technology:</u> Apomixes research
August	<u>Research & Technology:</u> Plant growth and yield modeling	<u>Research & Technology:</u> Sunflower exploration team
		<u>Economic:</u> Tobacco production and processing
September	<u>Research & Technology:</u> U.S.-USSR joint symposium on movement of water, salt, and heat in soils	<u>Economic:</u> Symposium on the application of the latest technology in agribusiness complexes
September-October	<u>Research & Technology:</u> U.S.-USSR symposium on swine complexes	
October	<u>Economic:</u> Storage and production of coarse and succulent feeds	
	<u>Economic:</u> Agricultural production, processing, and marketing of agricultural technology, chemicals, and materials	
Fall		<u>Research & Technology:</u> Endocrinology and physiology of animal reproduction
November	<u>Economic:</u> Construction and use of vegetable/potato facilities	

Brazil-Japan Pilot Project Set To Start In Cerrados

A joint Japan-Brazil enterprise has set the stage for the beginning of a pilot project this year to develop a half-million hectares of the Brazilian cerrados into cropland over the next 3 years, reports the Office of U.S. Agricultural Attaché, Brasília.

Following 4 years of negotiations, 49 Japanese and 23 Brazilian companies—organized under two holding companies—have signed the constitution of a third joint holding company, called the Agricultural Promotion Company (CPA). This company will invest Cr\$1.6 billion during the next 3 years in a 500,000-hectare area of the cerrados region.

Of the invested capital, 51 percent will be Brazilian and 49 percent will be Japanese.

The initial pilot project, scheduled to begin in 1979, will cover 50,000 hectares with an investment of Cr-\$400 million for the production of soybeans, corn, wheat, sorghum, and coffee. Future plans call for afforestation and seed production projects.

The signing of constitution took place in late 1978. Prior to that signing, the Brazilian Agro-Industrial Participation Company was established on September 5, 1978, as a result of the Brazil-Japan Agreement for the development of the cerrados. This new company merged with the Japan-Brazil Agricultural Development Corporation, forming a third enterprise to implement the pilot project. □

Portugal Likely To Increase Oilseed Imports in 1979

Portugal's continuing decline in domestic supplies of vegetable oils—including olive oil—points to further increases in oilseed imports during 1979, according to a dispatch from Robert J. Wicks, U.S. Agricultural Attaché in Lisbon. Oilseed imports for 1978 are estimated at 378,000 metric tons, and during 1977 were 350,000 tons.

To ease the tight oilseed supply situation, the Portuguese Government in 1978 revoked a prohibition against mixing soybean oil with other edible vegetable oils. And present supply prospects suggest that the Government also may have to relax its ban on direct imports of edible oils.

Despite increased imports of oilseeds during 1978, Portugal's total crushings declined during the year—a development that

suggests some rebuilding of oilseed stocks. Yearend stocks of edible vegetable oils, excluding olive oil, are estimated at only 368 tons—down sharply from the estimated carry-in volume of 3,681 tons.

Yearend stocks of olive oil are estimated at 2,621 tons, down about 56 percent from the estimated carry-in volume of 5,948 tons in the previous season.

Portugal's reduced availability of edible vegetable oils in 1978 was accompanied by a drop in consumption of these oils and price advances during the year.

Both production and consumption of olive oil continued to decline appreciably during the 1977/78 marketing year. The shortfall in olive oil supplies necessitated large imports during 1978, which were followed by sharp increases

in retail prices of olive oil.

Portugal increased guaranteed producer prices for sunflower and safflower seeds during 1978. Sunflower area and production for 1978 are estimated at levels well above year-earlier totals, but safflower area and production were sharply lower than in 1977.

Total oilseed imports in 1978 were 8.1 percent higher than in 1977. Soybeans (160,000 tons) and sunflowerseed (131,000 tons) were the principal vegetable oilseeds, followed by peanuts (40,000 tons) and safflower (14,000 tons). All except peanuts were markedly higher than in 1977.

The United States supplied all of the soybeans as well as the bulk of Portugal's imported sunflowerseed and safflowerseed. The United States was also a leading supplier of peanuts during 1978.

Imports of oilseed meals rose 5.5 percent to 276,000 tons in 1978. The United States supplied all the soybean meal (186,800 tons), displacing Brazil, the prin-

cipal source in 1977.

Imports of peanut meal in 1978 (65,200 tons) were from Senegal and India, while Argentina and the United States supplied all the sunflower meal (23,700 tons).

Portugal was a net importer of olive oil in 1978 (about 4,000 tons, mostly from Spain), against exports estimated at 1,800 tons. Imports of unrefined palm oil were an estimated 18,200 tons in 1978, compared with 16,500 tons in 1977.

For the first time, Portugal in 1978 exported 1,200 tons of domestically refined soybean oil (to Morocco). Shipments of mixed oil were 98 tons, up 44 percent from the year-earlier level.

Portugal during fiscal 1978 benefited from CCC credits totaling \$35 million for purchase of U.S. soybeans and soybean meal. For fiscal 1979, Portugal has thus far been allocated \$24 million in CCC credit for purchasing U.S. soybean meal and \$9 million for soybeans. □

Thais Push Expansion Of Exports

Thailand, which had a favorable balance of payment with China in 1977 and 1978, hopes to hold this position again in 1979 by increasing its exports of agricultural commodities to China, mainly in exchange for petroleum.

Among the commodities and products Thailand hopes to ship to China in 1979 are sugar, corn, rice, tapioca flour, mung beans,

kenaf, rubber, tobacco, gunnysacks, and synthetic yarns and products.

Thailand's favorable payments balance with China amounted to about \$35 million, then fell in 1978 to an estimated minimum of \$3.5 million, and could be as high as \$20 million.

A delegation of Thai Government agricultural officials visited China in November to study economic development there and discuss the possibilities for expanded agricultural trade and cooperation.

During the recent visit of Chinese Vice Premier Teng Hsiao Ping to Thailand, steps were taken to establish a Thai-Chinese Joint Trade Committee as an aid

to furthering an exchange between the two countries and in implementing the bilateral trade agreement.

A Chinese agricultural team is expected to visit Thailand in February to be followed by another Thai technical team to China.

Other recent Thai export trade developments:

South Korea: A recent trip by Thailand's Minister of Commerce was directed toward possible export markets for Thai rubber, mung beans, corn, kenaf, sugar, and beef.

North Korea: Thailand has obtained a commitment from North Korea for 20,000 tons of tapioca flour, following an earlier sale of 10,000 tons.

USSR: In a recent Thai-USSR trade conference, Soviet officials expressed interest in purchases of Thai rice, corn, preserved fruits, and minerals. In turn, the Soviets would sell Thailand tractors, other agricultural equipment, heavy machinery, and other manufactures.

Japan: Thai officials are concerned over their imbalance of trade with Japan, which accounted for two-thirds of Thailand's total trade deficit in 1977.

Vietnam: Contracts for export of corn and rice to Vietnam reportedly have been signed.—Based on reports from U.S. Agricultural Attaché, Bangkok, and ESCS. □

Romania's Sunflowerseed Production Declines



Sunflowers in Romania—one of the world's largest producers and exporters of sunflowerseed oil.

Drought and other weather problems have reduced the 1978 sunflowerseed crop in Romania—one of the world's leading exporters of sunflowerseed

This is the third in a series of articles based on the author's on-the-spot survey of sunflower production in the three East European countries. The first two articles appear in the January 22 and January 29 issues of *Foreign Agriculture*.

oil but also an expanding importer of U.S. soybeans and meal. Growing oilseed crushing capacity in the country, plus increased demand for protein feed, augur well for further gains in such imports.

In contrast to optimistic plans for a crop of 1.1 million metric tons, Romania's 1978 sunflowerseed crop came in at only about 792,000 tons, according to offi-

cial estimates by the Romanian Government. This is below both the 1977 output of 807,000 tons and early season forecasts of 900,000-1 million tons.

Summer drought apparently reversed the favorable weather conditions experienced earlier in the season and offset increases in use of pesticides, fertilizer, and improved seed. Inputs are particularly important in Romania, since there is little room for expansion in sunflower area. Harvested area in 1978 is estimated at 511,800 hectares, against 513,400 in 1977.

Average yield for the Romanian sunflowerseed crop in 1977 was 1,572 kilograms per hectare, with some farms achieving as high as 3,400 kilograms. Average yield in 1978 was somewhat lower, at an estimated 1,547 kilograms per hectare.

About 15 percent of the sunflowerseed area currently is irrigated, and this is expected to advance to 20 percent during 1979.

Romanian exports of sunflower oil are estimated at 115,000 tons in 1978, compared with 130,000 the year before, and went largely to EC markets.

The oil is sold through international companies, f.o.b., crude.

Recently, some soybean area has been switched into irrigated sunflowerseed production since the latter

is more profitable. This—plus limitations on land available for cropping—has tended to curb expansion in Romanian soybean production, despite the country's interest in boosting output. Soybean production in 1977 declined to 190,000 tons from 213,000 in 1976, and is estimated at 200,000 tons for 1978.

One reason for the lack of progress in soybeans is the slow improvement so far in soybean production technology. However, the country has been rapidly expanding its oilseed crushing capacity—to the point where it has about 20 percent excess capacity.

To utilize this excess capacity, and satisfy growing domestic demand for soybean meal, the country has been importing large quantities of soybeans. Last year, for instance, the United States exported around 200,000 tons of soybeans to Romania, including 83,000 under the U.S. Commodity Credit Corporation (CCC) program.

U.S. shipments of soybeans and soybean meal to Romania in 1977 were 137,381 and 47,268 tons, respectively.

Romania did not buy any Brazilian beans in 1978 and imported 84,000 tons of Brazilian soybean meal in the first 10 months.—*Abdullah Saleh, Oilseeds and Products Division, FAS.* □

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First Class

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Some Grain Transport Conditions Look Good

lays in loading grain cars.

Railroads do have an advantage over truck long-distance grain hauling in their lower fuel usage and more efficient use of man-hours per ton mile.

And there is little doubt that rail traffic will increase in the years ahead. A November 1978 study by USDA's Agricultural Marketing Service projects that railroads' freight ton mileage will increase 143 percent by 1990. Moreover, the railroads' share of the freight market is seen rising nearly one-fourth by that time.

Increases in **barge** traffic have helped take some of the pressure off the railroads. USDA's Agricultural Marketing Service estimates that the share of U.S. grain exports moved by barge has risen from 20 percent in 1973 to 39 percent in 1977. During the 1978 shipping season (April 1-December 29, 1978), 1.3 billion bushels of grain and

soybeans were moved by barge in the United States. This compares with 1.2 billion bushels in the 1977 season (March 26-December 30).

Further growth in use of barge traffic is likely this year in view of record U.S. crops of corn and soybeans, for which the river waterway system is the main mode of transportation.

Moreover, river traffic continues to increase in the Pacific Northwest. The Columbia and Snake Rivers were opened to barges in 1975, and their role has risen with the overall growth in this region's agricultural exports.

Reflecting changes in demand for transportation, barge operators in April 1978 were charging as much as 350 percent of their basic tariff for St. Paul to New Orleans shipping. With subsequent easing of the transportation crunch, rates dipped to 135 percent

of the basic rate as the corn and soybean harvests began and rose again to 215 percent when the Upper Mississippi closed to navigation on November 23.

Ocean vessels in U.S. ports and waiting to load bulk grain appear to present no major problems. Congestion at Gulf ports—which normally handle more than 60 percent of U.S. grain exports—has eased considerably since March and April 1978. As of January 10, 1979, delays for grain-carrying vessels in Gulf ports amounted to 81 days, compared with a peak 224 days on March 8. Number of vessels in ports likewise dipped from 113 in March to 49 by mid-January 1979.

This improved transportation situation is augmented by a better grain storage picture.

U.S. farmers are not as dependent on the market as they once were, since total U.S. grain storage capacity is at record levels—estimated at 430 million metric tons. Farmers who participate in the Government's 3-year grain reserve program receive a 25 cents-per-bushel storage fee from

the Government, and apparently much of that money has been plowed back into on-farm storage facilities.

As of January 26, 1979, the farmer-owned grain reserve contained a total of 34 million metric tons. This included 11.3 million tons of wheat and 21.9 million of feedgrains. Total reserves, including CCC inventories in warehouses, are now projected to reach around 38 million tons, including 24 million tons of feedgrains, by the end of 1978/79.

Greater storage capacity has allowed U.S. farmers to stockpile record amounts of grain as they await improvements in prices. But to get farmer-held reserve grain stocks into the market and export channels, prices would have to advance beyond their recent levels. The average price that would trigger release of corn reserves, for instance, is \$2.25 a bushel, compared with an average \$2.10 actually received by farmers as of January 15, 1978. And the trigger price for all wheat is \$3.39 a bushel, against \$3.02 received by farmers on January 15. □